



MEMORANDUM

TO: Mayor and Council

CC: Marc A. Ott, City Manager
Robert D. Goode, P.E., Assistant City Manager

FROM: Robert Spillar, P.E., Director, Austin Transportation Department
Lucia Athens, Chief Sustainability Officer
Mark Washington, Director, Human Resources Department

DATE: December 12, 2012

SUBJECT: **Parking Cash-out Pilot Program**

Council Resolution No. 20110113-39 directed staff to explore ways to reduce commute trips by employees working in downtown Austin. Specifically, the resolution directs staff to investigate the viability of a cost-neutral or cost positive parking cash out program and make recommendations on the possibility of implementation.

Pilot Program

The Parking Cash-out pilot program was designed as a voluntary incentive-based program to encourage City employees to forgo their parking space. Staff determined that City Hall, the Central Library, and the History Center were the most suitable places for a parking cash-out pilot program because these facilities met the technology and attendant requirements necessary to enforce the program.

City staff examined parking cash-out programs, case studies, research and laws from across the country prior to creating the pilot program. The parking cash-out concept was presented to stakeholders representing all of the affected City departments. These Departments offered valuable comments: Input was received from Austin Transportation Department, the Human Resources Department, the Office of Sustainability, Parking Enforcement, City Hall, the Public Works Department, and the Capital Area Metropolitan Planning Organization.

Based on the research findings, staff determined that a key element of implementing cash-out was to provide an incentive for City employees to participate in the pilot. Incentives for employees participating in the pilot included monthly cash added to the employee's paycheck, an average of 1 free parking day per week, and an allowance for a limited amount of emergency taxi rides home.

Staff conducted a study to discern potential revenue outcomes of a parking cash-out program and the pilot program was funded with \$40,000 from the parking management budget. Staff marketed the parking cash-out program to eligible City employees using multiple in-house strategies.

Results

1) Participation

Although many and varied efforts, the desired participation was not achieved. From January 2012 through October 2012, approximately 7% of eligible employees participated in the program. The original goal of the pilot was to achieve a 20% participation rate. 27 of the possible 378 employees took advantage to program.

Despite the low participation rate however, many of the pilot goals were achieved and staff was able to demonstrate positive outcomes.

2) Environmental Benefits

Despite the lower participation rate, calculations based on employees' commuting logs reveal a significant reduction in emissions among participating employees. Employees participating in the pilot program drove over 20,000 fewer miles than they would have otherwise. The air pollution prevented is the result of City employees burning about 1,000 less gallons of gasoline than they would have by driving to work during the 8 month period of the pilot.

3) Financial Benefits

Currently the parking spots available to City employees at City Hall are valued at \$150 per month, calculated based on potential income value if the parking spaces were made available to the public for hourly rental. Similarly, the City pays about \$100 per parking spot per month in leasing costs for employees at the library and history center. A permanent parking cash-out program offers opportunities to capitalize on the City's parking assets at City Hall as well as minimize the City's expenses associated with paying for parking at other facilities. While employee spaces were not leased out during the pilot program, the City could have potentially earned \$2,700 per month on the spaces freed up at City Hall. Additionally, the City did save about \$900 dollars a month in parking fees for pilot program participants working at the library and history center due to reduced parking need. The parking cash-out pilot program reveals it is possible for the City to realize the environmental benefits of a parking cash-out program with a revenue positive program and achieve potential Benefit to Cost ratios as high as 3:1.

Recommendations

1) Develop a permanent cash-out program beginning in 2014

Staff recommends extending the pilot through fiscal year 2013 to encourage participants to continue with their alternate commutes until the establishment of a permanent parking cash out program. The pilot cost less than 24% of the original budget allocated by Council and staff would propose using the remaining unused budget to fund the extension.

2) Guaranteed ride home

Although the guaranteed ride home was not used at all, it provided a large psychological benefit to pilot participants, staff recommends expanding the guaranteed ride home benefit in a permanent parking cash-out program, and implementing a similar policy for City employees using transit passes.

3) Training

Staff recommends that in any permanent parking cash-out program the training component be made optional, as it was found useful by employees who had never tried public transportation but unnecessary for a large percentage of pilot participants.

4) Increased flexibility

Staff recommends continuing the pilot but with an emphasis on encouraging all employees to use an alternate commute one day per week. Exit surveys of pilot participants as well as all eligible employees at City Hall and the other facilities included in the pilot revealed that greater flexibility in a ongoing pilot program would mitigate many of the barriers employees cited to their participation. The goal of a subsequent parking cash-out pilot should focus on the co-benefits such as the health and environmental benefits reducing single driver trips instead of the financial opportunities of leasing out freed up spaces.

5) Expanding parking cash-out to other facilities

Staff recommends that in developing a permanent cash-out program, the availability of participation be expanded to other City facilities where employees work schedules are more suitable to parking cash-out.

City of Austin Parking Cash-Out Pilot Program Results and Recommendations



Austin Transportation Department
Air Quality Program
12/12/2012

1.0 Cash-Out Definition

Employee Parking Cash-Out Programs represent a proactive approach by an employer to encourage individual workers to make alternate commuting choices by creating an incentive for employees to find an alternative to driving alone. In a cash-out program, employees are paid a subsidy or stipend to give up their dedicated or assigned parking space. The program may be revenue neutral or revenue positive. It may generate revenue if those spaces can be resold to other employees who are not able to use alternate commute options or reserved to support retail activity or other business-generated parking.

Cash-out programs may be voluntary in nature (strictly incentive based) or they may be prescriptive. In the prescriptive model, the decision to obtain a long-term parking space is transferred to the employee, with each person able to make an independent travel decision. In a voluntary model, additional effort may be required of the employer to encourage participation in the program. Additional efforts such as travel assistance and promotion may be critical to the success of the program.

2.0 IMPLEMENTING CASH-OUT

2.1 Best Practice Review

City staff examined parking cash-out programs, case studies, research and laws from across the country prior to creating the pilot program. This included California's parking cash-out law as well as 8 case studies of prior parking-cash out programs in that state. Staff conducted reviews of articles by Don Shoup, an influential proponent of parking cash-out programs. This included evaluations of the financial feasibility of parking cash-out programs. An extensive examination of best practices occurred throughout this pilot program, notably including:

- the City of Seattle's first parking cash out program report;
- educational materials created by South Carolina's Department of Social Services; and,
- parking cash-out research by transportation think tanks.

The results of the study indicated that a monthly cash-out package was most likely to sway an individual into giving up a free parking space.

2.2 Discussion Group

The parking cash-out concept was also presented to stakeholders representing all of the affected City departments. These departments offered valuable comments. Input was received from Austin Transportation Department, the Human Resources Department, the Office of Sustainability, Parking Enforcement, City Hall, the Public Works Department, and the Capital Area Metropolitan Planning Organization. One concern was that getting employees to forgo using their cars would be a challenge and that alternate commuting tools would be required to aid employees in making this transition. The resulting solution was multi-faceted and included:

- an emphasis on the public transportation benefits already available to City employees, including subsidized Capital Metro vanpools, bus service, and rail service;

- an outreach campaign focusing both on the financial incentives and environmental benefits of participating in the pilot program.

2.3 Pilot Program Details

The Parking Cash-out pilot program was designed as a voluntary incentive-based program to encourage City employees to forgo their parking space. Downtown Austin was selected as an ideal candidate for a cash-out pilot study as it possesses all the key elements thought to promote cash-out success:

- Transit service is frequent and oriented to downtown from many parts of Travis County, as well as the surrounding Central Austin region
- Parking supply is limited
- Parking prices are high
- The City of Austin already subsidizes Capital Metro services for City employees

Staff determined that City Hall, the Central library, and the History Center were the most suitable places for a parking cash-out pilot program because these facilities met the technology and attendant requirements necessary to enforce the program.

Based on the research findings, staff determined that a key element of implementing cash-out was to provide an incentive for City employees to participate in the pilot. Incentives for employees participating in the pilot included monthly cash added to the employee's paycheck, an average of 1 free parking day per week, and an allowance for a limited amount of emergency taxi rides home.

In addition, a variety of safeguards were implemented:

- Requiring pilot participants to take a training course
- Asking employees to log commutes on monthly basis
- Arrangements for employees that don't work at computers
- Monitoring to ensure employees didn't park at City hall more than an average of 4 days per month.
- Providing employees the opportunity to opt out of the pilot program after enrollment

2.4 Pilot Cost Estimation and Revenue Possibilities

Staff conducted a study to discern potential revenue outcomes of a parking cash-out program and the pilot program was funded with \$40,000 from the parking management budget. Revenue that potentially could have been generated from the "freed" parking spaces was tracked, allowing evaluation of the potential for a future cash-neutral or cash-positive program. Staffing for the pilot program was achieved through existing staffing provided by the ATD.

2.5 Parking Cash-out Benefits Impact



In considering the use of a parking cash-out program, there was concern over the perceived loss of a benefit realized by employees today in having free parking. If a future cash-out program is implemented, the Human Resource Department indicates that the issue of benefit reduction would need to be addressed. Furthermore, if the cash-out program is limited to only one department and made mandatory, a disproportionate impact to that one department might be viewed as an inequitable benefit reduction. This issue is less of a concern if a proposed program is voluntary and focused on a specific facility, across multiple departments occupying that

facility. For example, the pilot program was made available to all who work at the eligible facilities. By making the program voluntary, only those voluntarily opting in would be affected, giving up their guaranteed parking space willingly rather than being forced with a reduction in perceived benefits.

2.6 Marketing Strategy

Staff marketed the parking cash-out program to eligible City employees using multiple in-house marketing strategies. Email blasts, posters, a banner, Citysource, fliers and other promotional materials were created to direct these employees to the pilot program webpage on Cityspace. A lunch kick-off event was held for interested employees and a promotional giveaway was provided to generate interest in the pilot program. Email blasts were repeatedly sent to all employees listed as working in piloted locations prior to the program as well as through the completion of the program to ensure all eligible employees were aware of the pilot. The results of the exit survey revealed eligible employees were generally aware of the program.

FIGURE 1: Awareness of Parking Cash-out Pilot Program

		Response Percent	Response Count
Yes		83.0%	83
No		17.0%	17

2.7 Parking Cash-out Results




Parking Cash-out Participation

Although many and varied efforts, the desired participation was not achieved. From January 2012 through October 2012, approximately 7% of eligible employees participated in the program. The original goal of the pilot was to achieve a 20% participation rate. 27 of the possible 378 employees took advantage to program. Despite the low participation rate however, many of the pilot goals were achieved and staff was able to demonstrate positive outcomes.

Building	City Hall	Faulk Central Library & History Center	Buildings Combined
Total # Employees	240	138	378
# Employees signed up for pilot as of 9/30/12	18	9	27
% Employees signed up	7.5%	6.5%	7.14%
Total # Employees Needed to meet 20% goal	48	28	76



Parking Cash-out Motivation

FIGURE 2 Reasons for Participating in the Pilot

		Response Percent	Response Count
Wanted to help the environment		37%	7
Already using an alternate commute		21%	4
The cash incentive		42%	8

Parking Cash-out Interest in signing up again

FIGURE 3 Would Participants Sign Up Again?

		Response Percent	Response Count
Yes		89.5%	17
No		0%	0
Maybe		10.5%	2

Parking Cash-out Environmental Impact

Despite the lower participation rate, calculations based on employees' commuting logs reveal a significant reduction in emissions among participating employees.

Commute Mode	GHG (Lbs) reduced	NOx (Lbs) reduced	CO (Lbs) reduced	VOC (Lbs) reduced	Vehicle Miles Avoided	Trips Avoided
Carpool	454	.36	4.57	1.52	2,526	168
Transit	18,244	15.57	182.78	60.15	15,330	1022
Bicycle	2,106	1.69	21.17	7.06	2,286	418
Walk	49	.04	.5	.17	54	10
Telework	227	.18	2.29	.76	240	16
Total	21,238	17.84	211.31	69.66	20,436	1634

Employees participating in the pilot program drove over 20,000 fewer miles than they would have otherwise. The air pollution prevented is the result of City employees burning about 1,000 less gallons of gasoline than they would have by driving to work during the 8 month period of the pilot.

Parking Cash-out Financial Impact

Currently the parking spots available to City employees at City Hall are valued at \$150 per month, calculated based on potential income value if the parking spaces were made available to the public for monthly lease. Similarly, the City pays about \$100 per parking spot per month in leasing costs for employees at the library and history center. A permanent parking cash-out program offers opportunities to capitalize on the City's parking assets at City Hall as well as minimize the City's expenses associated with paying for parking at other facilities. While employee spaces were not leased out during the pilot program, the City could have potentially earned \$2,700 per month on the spaces freed up at City Hall. Additionally, the City did save about \$900 dollars a month in parking fees for pilot program participants working at the library and history center due to reduced parking need. The parking cash-out pilot program reveals it is possible for the City to realize the environmental benefits of a parking cash-out program with a revenue positive program and achieve potential Benefit to Cost ratios as high as 3:1.

Building	City Hall	Faulk Central Library & History Center	Buildings Combined
Value of employee parking spot	150	100	-
# Employees paid to give up their spot	18	9	27
Cost of pilot (8 months)	6,300	3,200	9,500
Potential revenue (8 months)	21,600	-	28,800
Potential savings (8 months)	-	7,200	7,200
Total savings/revenue potential	21,600	7,200	28,800

2.8 Barriers to Participation

City Hall employees responding to an exit survey revealed a number of reasons for the lack of participation in the pilot, some unique to City Hall and some which are common to all City employees. Figure 4 below shows these real and perceived barriers. One perceived barrier relates to the belief that an employee would not be able to get home in the event of an emergency, which indicates the respondent was not aware of the guaranteed ride home benefit that was a part of the program.

FIGURE 4: BARRIERS TO PARKING CASH-OUT PARTICIPATION

		Response Percent	Response Count
Need my car at work for company business		45.7%	43
Need my car at work for personal business		28.7%	27
Parking is a free employee benefit		17.0%	16
Need to run errands before or after work		47.9%	45
Prefer to drive my own car		21.3%	20
Need to transport my children		28.7%	27
No reasonable transit option available		30.9%	29
Safety concerns		4.3%	4
Cannot get home in an emergency		26.6%	25
Don't have anyone to ride with		12.8%	12
Don't like to depend on others to get to work		17.0%	16
Irregular work schedule		40.4%	38
Anything else takes too much time		18.1%	17
Poor bicycle and pedestrian access		8.5%	8

2.9 Conclusion

Staff concludes that the employee market for cash-out at City Hall, Central Library, and the History Center, even with added incentives, is too small to reach 20% employee participation under the conditions of the pilot program. Other facilities operated by the City with a larger number of employees who work more conventional hours, have available transit to their job site, and could use bikes, walk, or telecommute would allow for a higher participation rate in a revenue positive parking cash-out program for City employees.

3.0 Lessons Learned

The benefits of a guaranteed ride home

In speaking with pilot program participants as well as people who did not participate but still showed interest, staff found that the guaranteed ride home provision in the pilot program was highly valued. Staff also found that at the end of the pilot program, very few participants found it necessary to use that option. The guaranteed ride home option for alternate commuters could be strengthened to offset people's concerns about the 4 day per month driving limit.

Parking Cash-out revenue impact

Staff found that the pilot program was revenue positive for the City. This is taking into account the potential for the City to gain income from leasing the spots freed up by parking cash-out participants in a facility already equipped with the necessary gate, security guard and other equipment vital to restricting parking. Despite this, staff sees an opportunity to increase environmental co-benefits in a modified parking cash-out pilot in facilities equipped with the required technology. For example, offering greater flexibility to increase employee use of alternate commutes a minimum of one day per week, combined with a strategy of pooling reserved employee parking offers the opportunity to increase employee participation and the environmental benefits of parking cash-out

Parking cash-out participants

Staff found the parking cash-out pilot was more suited to hourly employees, especially at city hall. While initial surveys found over 60% interest in the program, many employees said they could not participate citing irregular hours which make it difficult for them to consistently take public transportation or participate in a carpool or vanpool. It is now clear that more attention should have been paid to the job titles of eligible employees. While some job titles, especially those associated with hourly workers, were associated with high participation others such as those employees who work more closely with City Council largely avoided the pilot program. In addition, a substantial minority of employees indicated that free parking is an employee benefit that they would not be willing to give up.

Training

All participants in the parking cash-out pilot were required to take a training course before starting the program, even if they were already accustomed to using an alternate commuting option. Staff discovered that many of the pilot program's participants were already using an alternate commute, and that the mandatory training program was not always necessary.

Free Transit Passes

During the parking cash-out pilot many City employees said they were unaware that they could get a free transit pass from the City as an employee benefit. Pilot participant comments also revealed that the transit pass contributed to interest in the program.

Opportunities for increased participation

Initially staff encountered support for the pilot from City employees not eligible for the pilot. Staff sees opportunities to implement a similar parking cash-out program in larger City facilities both downtown and elsewhere. An exit survey conducted at the end of the pilot found that employees at City Hall faced a variety of unconventional barriers to participation, ranging in their job responsibilities to their unconventional work hours. By implementing a similar pilot program at other buildings, the City would likely see an increase in the percentage of employees participating.

Tracking and Reporting

Staff was able to administer the program and monitor participation using an online tracking tool on the City's website. This tool added greatly to the efficiency of the program by not only helping staff monitor for fraud, but also tracking which alternate commutes participants opted for as well as the environmental benefits of the pilot program.

4.0 Staff Recommendations

1) Develop a permanent cash-out program beginning in 2014

Staff recommends extending the pilot through fiscal year 2013 to encourage participants to continue with their alternate commutes until the establishment of a permanent parking cash out program. The pilot cost less than 24% of the original budget allocated by Council and staff would propose using the remaining unused budget to fund the extension.

2) Guaranteed ride home

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Staff recommends that in any permanent parking cash-out program the training component be made optional, as it was found useful by employees who had never tried public transportation but unnecessary for a large percentage of pilot participants.

4) Increased flexibility

Staff recommends continuing the pilot but with an emphasis on encouraging all employees to use an alternate commute one day per week. Exit surveys of pilot participants as well as all eligible employees at City Hall and the other facilities included in the pilot revealed that greater flexibility in a ongoing pilot program would mitigate many of the barriers employees cited to their participation. The goal of a subsequent parking cash-out pilot should focus on the co-benefits such as the health and environmental benefits reducing single driver trips instead of the financial opportunities of leasing out freed up spaces.

5) Expanding parking cash-out to other facilities

Staff recommends that in developing a permanent cash-out program, the availability of participation be expanded to other City facilities where employees work schedules are more suitable to parking cash-out.

Staff recommends expanding parking cash-out to other City facilities that include the required technology, are well served by public transportation, and where employees work regular hours. This, combined with a more flexible program would boost participation and the environmental benefits of the program.